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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)
)
Tariffs Implementing)
Access Charge Reform)

CC Docket No. 97-250

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

DIRECT CASE OF SPRINT LOCAL TELEPHONE COMPANIES

SPRINT LOCAL TELEPHONE COMPANIES

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February 27, 1998

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SUMMARY

The Sprint Local Telephone Companies ("Sprint") hereby submit their direct case in response to the Commission's Order Designating Issues For Investigation and Order on Reconsideration in CC Docket No. 97-250, In the Matter of Tariffs Implementing Access Charge Reform. In this filing, Sprint demonstrates that its filing was made in accordance with the Commission's directives and that the resulting rates are reasonable.

With respect to the definition of Primary and Non-Primary lines, Sprint maintains that the customer billing account number is the appropriate basis for determining primary and non-primary lines because this best represents the customer's designation of its primary line. Any other approach would place Sprint in an inappropriate and burdensome policing role and require expensive and unnecessary changes to Sprint's billing systems. As requested, a line count is provided depicting the application of this definition.

Regarding PCCC and SLC demand counts and the appropriateness of assessing PCCC charges on end users for inward-only lines that are not PIC'd to an interexchange carrier, Sprint asserts all customer loops should be required to pay for the recovery of loop costs regardless of use of the loop or the direction of calls traversing the loop.

In its order, the Commission's tentatively concluded that current maximum CCL rates for several price cap LECs, including Sprint, are unreasonably high due to past understatements of BFP revenue requirements. The Commission requested a recalculation based on a methodology endorsed by AT&T and sought comment on that methodology. In this response, Sprint provides the requested recalculation and extends the analysis to take into account the BFP prescription mandated by the Commission in the 1997 annual filing designation order. Sprint here reiterates its position that the use of historical rather than forecasted information in the development of common line rates would alleviate this kind of

exercise in the future. Sprint maintains, as it has in related proceedings, that any corrections for prior overstatements of carrier common line charges resulting from imprecise forecasted information must include a mechanism by which end user undercharges can be recovered.

In response to the issues surrounding the use of revenues versus revenue requirement in the calculation of exogenous cost allocations, Sprint provides comparative analyses as directed by the Commission and discusses the merits of these competing approaches. In this reply, Sprint points out specific examples where the exclusive use of revenues in the allocation of costs can produce undesirable results that are inconsistent with the goals of access reform. Rather than a rigid, standard methodology, Sprint suggests analyzing each cost reallocation situation to determine the appropriate approach at the time the reallocation is contemplated.

Sprint acknowledges that basing the TIC adjustment based on actual rather than an assumed 9000 minutes of use results, contrary to the Commission's expectations, a higher, rather than a lower TIC.

Sprint conformed its December 17, 1997, access reform filing in accord with AT&T's TIC recalculation workpaper. However, Sprint acknowledges that a minor misapplication of the workpaper created a miniscule difference between Sprint's and AT&T's methodology.

Finally, Sprint supports the use of information contained in FCC Form 457, the Universal Service Fund Worksheet, to allocate the universal service obligation among price cap baskets.

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Tariffs Implementing)	CC Docket No. 97-250
Access Charge Reform)	

DIRECT CASE OF SPRINT LOCAL TELEPHONE COMPANIES

The Sprint Local Telephone Companies ("Sprint") hereby submit their Direct Case in response to the Commission's *Order Designating Issues For Investigation and Order on Reconsideration* ("Order") released January 28, 1998, in the above-referenced docket. The Commission designated for investigation a myriad of issues relating to the implementation of its *Access Charge Reform Order*.¹ In response to the Commission's questions, Sprint offers the following comments.

A. Non-Primary Residential Line Issues

1. Definition of Primary and Non-Primary Line

The Commission has directed the price cap LECs to provide line counts for four categories of service and to explain how the definitions of primary and non-primary lines used by the LECs to arrive at those line counts are reasonable (Order at paragraph 17). In its comments filed in the Commission's investigation aimed at defining primary lines,² Sprint suggested that:

[T]he definition should be based not upon individual subscribers, residences or households (as suggested in the Notice), but rather on the basis of existing ILEC billing accounts. Thus, if a residential subscriber has only one line in his or her account, this would be the subscriber's "primary" residential line, regardless of whether other persons (related or not) at the same address also have an account with the ILEC. If a subscriber has more than one line billed to a single account, the main billing number on the account would be defined as the primary line

¹ *Access Charge Reform*, CC Docket No. 96-262, First Report and Order, 12 FCC Rcd 15982 (1997) ("*Access Charge Reform Order*"); Order on Reconsideration, 12 Rcd 10119 (1997); Second Order on Reconsideration, 12 FCC Rcd 16606 (1997).

² *In the Matter of Defining Primary Lines*, CC Docket 97-181.

unless the customer otherwise notified the ILEC, and all other lines would be non-primary.³

Sprint continues to believe this is the correct definition. The application of this definition was implemented on January 1, 1998 and is demonstrated in Exhibit 1.⁴

Defining primary and non-primary lines in terms other than the customer account number places the ILEC in a "policing" role with its end-users, one in which the ILEC determines which line in a home is "really" the non-primary line. Sprint believes the customer, not the ILEC, should define what is his/her primary line. By defining primary line by use of the existing customer account number, the ILEC relies on the best evidence of the customer's intentions regarding charges for IEC services. For this reason alone, it is clear that the account number is the best way in which to define primary line.

Furthermore, defining primary line by billing account number avoids placing significant administrative burdens on the ILECs. A move away from use of the account number as the customer identifier would require extensive changes to Sprint's (and we believe other ILEC's) billing system in order to accommodate any alternative means of identifying primary and non-primary lines. For example, Sprint's billing system is not equipped to combine billing account numbers with street addresses, which would likely be the identifier for a given household or physical location. Changing the billing system to create this new, and unnecessary, distinction will take hundreds of staff hours and cost hundreds of thousands of dollars for Sprint alone.

Sprint believes that these problems can be easily avoided by adopting the main billing account number as the definition of a primary line. Maintaining the account

³ Id. Sprint Comments at pp. 4-5.

⁴ At the time Sprint made its access reform filing, the changes to the billing system to implement Sprint's non-primary definition had not been completed. The only data Sprint had available upon which to base its filing was a marketing study of second line penetration rates. The data used for the filing and the actual billing results are significantly different. Exhibit 1A depicts these differences.

number as the primary line tracking system would require minimal customer interaction, lessen customer confusion and necessitate minimal database changes since current systems contain sufficient information to administer the account-based identification process.

To comply with the requirements of paragraph 17, Sprint has attached Exhibit 2 which details line count as to specific customer class.

2. PICC and SLC Demand Amounts

In paragraph 25, the Commission asks the LECs to comment on the appropriateness of assessing the end-user the PICC on inward-only lines that are not PIC'ed to an interexchange carrier. Sprint asserts that all customers connected to the public switched network, via local loop plant should be required to compensate the local service provider for the facility. Prior to the restructure of access charges as mandated in the *Access Reform Order*, the interexchange carrier that served the purchaser of inward services was required to pay minute-of-use access charges for the use of the local loop. The Commission's directive to transition from a minute-of-use line charge to, eventually, a flat-rate structure should not adversely effect the LEC's ability to collect revenues for the local loop. Just as the SLC applies to DID trunks and lines, the PICC should be applicable as well. The Commission has indicated that the combination of SLC and PICC will recover the full interstate portion of the loop cost at some point in the future. If this rate structure is to be realized, both charges must apply to these service types.

B. Common Line Issues

1. Adjustment of Common Line Revenues Because of Historic Understatement of BFP.

At paragraph 35, the Commission tentatively concludes that the current maximum carrier common line rates of several price cap LECs, including the Sprint

LECs, are unreasonably high due to past understatement of the per-line BFP revenue requirement. As a result, it directed each carrier to provide a recalculation of the maximum common line revenues based on the CCL Recalculation Methodology employed by AT&T. The Commission asks for comments on that methodology as well as whether the methodology should be adjusted to account for specific instances in which price cap LECs have priced the CCL charges below the permitted cap or have reduced their price cap indices for a tariff year because of sharing.⁵

With respect to the methodology proposed by AT&T, Sprint believes the model, operating from the benefit of hindsight, appropriately calculates the maximum terminating carrier common line rate on July 1, 1997 using actual BFP. The method, however, fails to extend the analysis forward to December 31, 1997 to include the application of a modified BFP mandated by the Commission in the 1997 annual filing designation order. Consequently, the lower CCL rate extended to IXC's via refunds should also be included in the analysis. Therefore, in compliance with the Commission's directive, Sprint provides Exhibit 3, which reflects AT&T's original methodology as well as the revisions proposed by Sprint.

Sprint has previously stated that the SLC should be based on historical demand rather than forecasted demand. The SLC is the only rate element within the price cap system that is based on a forecast. Sprint believes that, for the sake of consistency, the Commission should find that all demand should be based on historical data.

⁵ In Reply Comments filed December 29, 1997 regarding its access charge reform tariff filing (Transmittal No. 44), Sprint expressed its belief that attempts to order refunds on the basis of access rates in place for more than seven years equated to retroactive rate making, in conflict with the filed-rate doctrine. In responding to AT&T's attempts to overturn these access tariffs which had been reviewed and approved, Sprint noted that "...[a]ssuming it's appropriate to [provide] any relief in this case, a good portion of it would be barred by the statute of limitations. ...to the extent that prior rates generated revenues above the no sharing zone, AT&T and other IXC's have already received refunds through the price cap mechanism." (at p. 2).

Sprint wishes to point out that, contrary to the way in which AT&T and others have characterized this matter, the price cap LECs did not act improperly when estimating the BFP. The fact is, the BFP has historically been based on an estimated number which, by virtue of being an estimate, resulted in imprecise numbers. In the aggregate, no LEC was found to have over-collected revenues; rather, the Commission found that the common line costs had been misallocated between IXC's and end user customers.⁶

In any event, under these circumstances, to the extent that the Commission causes the LECs to refund overcharges to the IXC's, it must, correspondingly, provide to the LECs a mechanism by which to recover undercharges.⁷ To do otherwise would penalize the LECs for failing to utilize a methodology not in place at the time the CCL charges were collected and would, in turn, prevent them from recovering legitimately incurred costs.

C. Methodology for Calculating Exogenous Cost Changes for Line Ports and End Office Trunks and Transport Adjustment Issues.

1. Issues revolving around use of an "R" adjustment as raised in Paragraphs 48 - 52 and 67 - 68 of the Order.

In comments filed in response to Petitions for Reconsideration in the 1997 Annual Access Tariff Filing case, Sprint supported the Commission's decision to require the use of an "R" adjustment for the removal of amortized equal access expenses from the price cap index noting, that, when the Commission requires the removal of historic revenue requirement from a current revenue stream, that revenue requirement should be adjusted to reflect the additional revenue generated by that revenue requirement over that period of time within the price cap mechanism.⁸ Sprint went on to explain

⁶ See, f.n. 5, *supra*.

⁷ See, Comments filed January 21, 1998, in response to Petitions for Reconsideration in the 1997 Annual Access Tariff Filing case, CC Docket No. 97-149, CCB/CPD 98-1, at p. 1.

⁸ *Id* at p. 4.

that the use of an "R" adjustment causes the LEC to reflect the changes caused by the price cap formula adjustments, exogenous changes and productivity gains while removing the appropriate amount from the revenue stream.⁹

While Sprint believed the use of an "R" adjustment to be appropriate in that particular case, it does not agree that use of the "R" adjustment is proper under all circumstances. In the instant situation, the replacement of revenue requirement with price cap permitted revenues can create situations that are inconsistent with the goals of access reform and the creation of a competitive access market.

The first example where the use of revenues can create undesirable results is in the development and marketing of new access services that are removed from existing services. New services should be priced at cost, including the authorized rate of return, to provide the marketplace with the proper economic signals for that newly established service. Exogenous cost changes calculated with the price cap permitted revenues rule would require a LEC to shift more than the authorized revenue requirement between baskets. The LEC that seeks full recovery of the cost shift will be required to either price the new service above costs, or shift the excess attributed to the cost shift to other services in the basket. This would cause a permanent distortion in the price of the new service or other services in the basket. The new trunk port rates provide examples of this situation.

The use of "R" in exogenous cost shifts from a price cap basket that is not earning at the authorized 11.25% level will also produce an inappropriate result. For example, the Commission has mandated the removal of marketing expense from all existing price cap baskets and moved instead to a newly created basket. If a LEC is under-earning in a basket, the use of "R" adjustments will limit the cost shift from that basket. Instead of removing the full marketing expense, for example, the difference

⁹ Id.

between achieved rate of return and authorized return times the marketing revenue requirement will be left in the basket.

The converse situation - i.e., when the earned rate of return of a basket exceeds 11.25% is equally unacceptable. In the example of marketing expenses, the Commission has directed price cap LECs to add the reallocated marketing expenses, subject to rate caps, to subscriber line charges assessed to non-primary residential and multi-line business customers. The reasoning of the Commission is that those marketing expenses are incurred in the marketing services to those groups of customers, and therefore increasing their subscriber line charge is appropriately recovering those costs from the cost-causers. However, if those marketing expenses are adjusted upward, under the "R" adjusted exogenous cost methodology, the result will be to require those end user customers to pay subscriber line charges in excess of those costs caused by those customers.

Because price cap LECs' earnings by basket can vary widely, the use of the "R" adjusted costs can create unreasonable discrimination among customers. Following the above example, customers served by a LEC that has achieved significant efficiency gains (and therefore is earning returns in excess of 11.25%) will be assessed rates that recover more than the actual marketing expenses incurred by their LEC. Conversely, customers served by a LEC earning less than 11.25% will be assessed rates that do not fully recover the actual marketing expenses incurred by the LEC. Adjusting the cost allocation in each of the situations listed above will create situations Sprint believes are unacceptable.

The Commission asked for input on several tentative conclusions. The Commission stated "...it is likely that the Part 69 revenue requirements have a very attenuated relationship to the costs actually recovered through any particular rate

element.”¹⁰ While Sprint does not disagree with this point, the Commission has not, as noted above, explained why the current price cap permitted revenues or “R” is always a better determinant of the financial value of a particular service element within a price cap basket.

The pricing flexibility that LECs are afforded within price cap can also skew the relationship between revenues and revenue requirement of a particular service element. The use of revenues assumes that the achieved return in the basket of services is uniform across all services. Is there really a closer relationship between revenues generated and original revenue requirement than between the original revenue requirement and the current revenue requirement? Sprint suggests there is not. For this reason, Sprint does not believe price cap permitted revenues to be a better basis for all exogenous cost changes.

The Commission asks for comment on the use of actual basket earnings to calculate the revenue requirements of exogenous changes if the Commission rules that the *Access Reform Order* required the use of revenue requirements.¹¹ If Sprint understands the Commission’s proposal, the use of actual basket earnings will generate the same level of exogenous cost changes as the use of price cap permitted revenues or “R”. The use of the words ‘revenue requirement’ or ‘revenue’ has little meaning in the calculation of exogenous cost adjustments -- the words result in the same quantification of cost shifts.

The Commission states that “[P]rice cap LECs should use local switching revenues for the purpose of determining the amount of exogenous cost adjustments to the Traffic-Sensitive and Common Line baskets, but price cap LECs should use their

¹⁰ Order, at ¶ 48.

¹¹ Order, at ¶ 49.

Part 69 revenue requirements to calculate BFP...".¹² Sprint supports the Commission's proposal that BFP retain its link to Part 69 revenue requirement. In addition, Sprint encourages the Commission to modify Part 69 to include line cards in the BFP.

In response to the Commission's belief that local switching revenues should be used to determine the amount of exogenous cost adjustments to the Traffic-Sensitive and Common Line baskets, Sprint has already questioned the validity of the relationship between basket revenues and historic revenue requirement as being the best basis for exogenous cost shifts for a specific basket of services. The relationship between earned local switching revenues and common line services is more difficult to understand. Sprint asserts that there is no valid relationship and urges the Commission to reject this approach.

Although the Commission seeks to create a rule that will always apply to exogenous cost shifts among baskets, categories, rate elements or between price cap and non-price cap services, Sprint believes problems, such as those mentioned above, are created by the implementation of a standard methodology. Consequently, Sprint supports the idea of analyzing each cost reallocation situation to determine the appropriateness of revenue requirement or revenue at the time a reallocation is contemplated.

To comply with the direction contained in paragraph 51 of the Order, Sprint has attached Exhibits 4 and 5. Exhibit 4 presents a comparison of the revenue requirement and "R" adjusted values of inter-basket exogenous cost shifts performed due to access reform. Exhibit 5 lists all exogenous shifts among baskets, categories, rate elements or between price cap and non-price cap services since the inception of price caps.

¹² Order, at ¶ 52.

2. Are Price Cap LECs Properly Estimating the Impact on the TIC Arising from the Use of Actual Minutes of Use Rather than the Assumed 9000 Minutes of Use?

Sprint understands the Commission's concern, expressed at paragraphs 78 and 79 of the Order, that a transition to actual minutes of use has, for many LECs, resulted in a higher TIC charge, rather than a reduction, as the Commission had envisioned. While keeping in mind the Commission's expectation, after performing detailed usage studies, Sprint found that its actual minutes-of-use were higher than the previously used surrogate in the majority of its service territories. Consequently, Sprint's TIC charge increased rather than decreased.

In order to comply with the directives set forth in paragraph 90 of the Order, Sprint submits Exhibit 6.

3. Have Price Cap LECs Correctly Recalculated the Residual and Facilities-Based TIC Amounts.

The Commission has asked, at paragraph 90, for comment on AT&T's work paper format for the TIC recalculation. Specifically, it questions whether this recalculation will properly determine the transport costs that are to be removed from the TIC and the facilities-based portion of the TIC.

Sprint notes that, in its December 17, 1997 access reform filing (exhibit number 3-18), it conformed its calculations in line with AT&T's methodology. However, based on a misinterpretation of AT&T's work papers, it will be necessary for Sprint to recalculate the residual TIC in this designation Order. Specifically, Sprint used SUM-1 line 171E instead of the sum of PCI-1 line 237C, creating a minor difference in the TIC reallocation methodology AT&T had recommended. The recalculation is reflected in Exhibit 7 at line 710.

In compliance with the Commission's request in paragraph 67, Sprint submits Exhibit 8. The exhibit presents the removal of COE maintenance and marketing expenses from the TIC.

D. Recovery of Universal Service Obligations

At paragraph 95, the Commission has asked for an explanation of the methodology used to allocate the universal service fund obligation to individual price cap baskets and further, whether all LECs should be required to use the same methodology.

Sprint asserts that all LECs should be required to use the same methodology in order to ensure that allocations are consistent across the price cap baskets. Moreover, Sprint believes that the manner in which costs are incurred should correspond directly to how those costs should be allocated. Consequently, Sprint supports using the actual information submitted in FCC Form 457 (entitled "Universal Service Fund Worksheet") in order to allocate the universal service obligation among baskets. Form 457 is the only document available to the Commission in which all carriers utilize end user revenues as a basis for calculating their portion of the national fund payable to the entity. Recognizing the consistency Form 457 lends to that process, Sprint suggests the Commission take advantage of the existence of that same information here and use it as a basis to distribute the LECs' obligation between the baskets.

As shown on Sprint's original Exhibit 3-1, page 2 of 2 of the December 17, 1997 filing, the following lines of data from FCC Form 457 were utilized as the allocation basis. This original exhibit is included in this Direct Case as Exhibit 9.

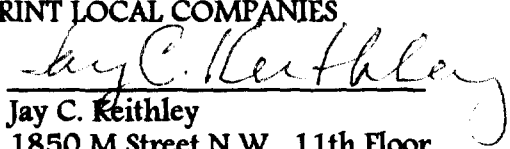
<u>Price Cap Basket</u>	<u>FCC Form 457 Line</u>
Common Line	35
Trunking	36
Interexchange	44,45,47

As noted on the exhibit, a proforma adjustment was made for one filing entity to increase the interexchange basket allocation to reflect Intralata toll rates not in effect for the full reporting period.

Respectfully submitted,

SPRINT LOCAL COMPANIES

By


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February 27, 1998

CERTIFICATE OF SERVICE

I, Melinda L. Mills, hereby certify that I have on this 27th day of February 1998, served via U.S. First Class Mail, postage prepaid, or Hand Delivery, a copy of the foregoing "Direct Case of the Sprint LECs" in the Matter Tariffs Implementing Access Charge Reform, CC Docket No. 97-250, filed this date with the Secretary, Federal Communications Commission, to the persons on the attached service list.



Melinda L. Mills

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Exhibits 1 & 1A

Sprint Local Telephone Division
Line Count Identification

	Data				Criteria			
	Source	Search	Collection	Time Period	First	Second	Third	Fourth
Primary Res.	D1	S1	C0*	T1	N2			
Single Line Bus.	D1	S1	C0*	T1	N2			
Non-Primary Res.	D1	S1	C0*	T1	N2			
BRI-ISDN Lines	D0**	S0**	C0**	T0**	N0**			

Customer	Billing/ Account No.	Line Location	Phone Number	Installation Date (Order)	Service/Inv. Work Order No.	Billing Address	P/NP Results
N. Adams	555-1111 6789	123 Elm #1	555-1111 555-1112	1/1/96 (1) 1/1/96 (2)	6789-1111 6789-1112	P.O. Box 123	P NP
P. Adams	555-2222 6789	123 Elm #1	555-2221 555-2222	5/5/96 4/5/96	6789-2221 6789-2222	P.O. Box 123	NP P
P. Adams	555-3333 4567	123 Elm #2	555-3333	3/3/96	4567-3333	P.O. Box 123	P
P. Boyd-Adams	555-4444 5678	123 Elm #2	555-4444 555-4448	4/5/96 7/5/96	5678-4444 5678-4448	P.O. Box 123	P NP
P. Boyd-Adams	555-4447 5678	123 Elm #2	555-4447	5/5/96	5678-4447	P.O. Box 123	P

Criteria Used to determine Primary Line:

1. Main Billing Account Number
2. How many lines were on the account
3. The main billing account number would be the primary line unless the customer otherwise notifies the LEC
4. Snapshot is after the last billing cycle before end of month

* Collection of data is available at the CIC, PICC Type (Primary res, etc.), State and Jurisdiction level.

** ISDN-BRI Lines are identified and flagged with a specific Service and Equipment code. ISDN-BRI is billed the \$1.50 PICC charge regardless of what type of line is in the house.

Recalculation of Non Primary Access Lines from Actual Billing

EXHIBIT 1A

	1/1/98 Filed			January 1998 Actual		
	Residential Access Lines		% Non Primary (C) = B/(A+B)	Residential Access Lines		% Non Primary (F) = E/(D+E)
	<u>Primary</u> (A)	<u>Non Primary</u> (B)		<u>Primary</u> (D)	<u>Non Primary</u> (E)	
Sprint LTC - Florida	13,031,340	1,683,072	11.44%	1,265,924	102,953	7.52%
Sprint LTC - Illinois	1,327,968	125,472	8.63%	55,900	1,929	3.34%
Sprint LTC - Indiana	1,976,892	95,340	4.60%	175,508	4,598	2.55%
Sprint LTC - Nevada	4,464,744	1,136,928	20.30%	445,779	87,212	16.36%
Sprint LTC - North Carolina	10,591,452	916,728	7.97%	971,334	36,177	3.59%
Sprint LTC - Ohio	4,757,028	279,720	5.55%	434,365	14,975	3.33%
Sprint LTC - Eastern	4,123,644	642,708	13.48%	393,034	29,057	6.88%
Sprint LTC - Midwest	7,082,904	675,120	8.70%	631,081	41,075	6.11%
Sprint LTC - Northwest	1,055,196	112,608	9.64%	102,053	4,627	4.34%
Sprint LTC - Southeast	5,529,144	363,672	6.17%	513,028	17,742	3.34%
SPRINT LTC	53,940,312	6,031,368	10.06%	4,988,006	340,345	6.39%

	1/1/98 Filed Adjusted					
	Residential Access Lines		% Non Primary (I) = H/(G+H)	Delta (J)=H-B	Non Primary	
	<u>Primary</u> (G)=(A+B)*(1-F)	<u>Non Primary</u> (H) = (A+B)-G			<u>SLC \$</u> (K)=J*(5-3.5)	<u>PICC \$</u> (L)=J*(1.5-.53)
Sprint LTC - Florida	13,607,744	1,106,668	7.52%	(576,404)	\$ (864,605.47)	\$ (559,111.54)
Sprint LTC - Illinois	1,404,958	48,482	3.34%	(76,990)	\$ (115,484.48)	\$ (74,679.96)
Sprint LTC - Indiana	2,019,329	52,903	2.55%	(42,437)	\$ (63,655.71)	\$ (41,164.02)
Sprint LTC - Nevada	4,685,084	916,588	16.36%	(220,340)	\$ (330,510.38)	\$ (213,730.05)
Sprint LTC - North Carolina	11,094,952	413,228	3.59%	(503,500)	\$ (755,250.49)	\$ (488,395.32)
Sprint LTC - Ohio	4,868,890	167,858	3.33%	(111,862)	\$ (167,793.04)	\$ (108,506.17)
Sprint LTC - Eastern	4,438,233	328,119	6.88%	(314,589)	\$ (471,884.16)	\$ (305,151.76)
Sprint LTC - Midwest	7,283,936	474,088	6.11%	(201,032)	\$ (301,548.58)	\$ (195,001.41)
Sprint LTC - Northwest	1,117,153	50,651	4.34%	(61,957)	\$ (92,935.78)	\$ (60,098.47)
Sprint LTC - Southeast	5,695,837	196,979	3.34%	(166,693)	\$ (250,040.07)	\$ (161,692.58)
SPRINT LTC	56,216,117	3,755,563	6.26%	(2,275,805)	\$ (3,413,708.15)	\$ (2,207,531.27)



Exhibit 2

**12/17/97 Filed Access Lines
(Calendar Year 1996)**

EXHIBIT 2

<u>1/98 Filing Demand</u>	<u>UCFL</u>	<u>CEIL</u>	<u>UTIN</u>	<u>CENV</u>	<u>UCNC</u>	<u>UTOH</u>	<u>UTEG</u>	<u>UCMW</u>	<u>UTNW</u>	<u>UCSE</u>	<u>UTTC</u>
Primary Residential	13,031,340	1,327,968	1,976,892	4,464,744	10,591,452	4,757,028	4,123,644	7,082,904	1,055,196	5,529,144	53,940,312
Single-Line Business	882,024	85,224	126,732	149,856	1,021,200	253,596	377,700	492,216	65,472	488,976	3,942,996
Non-Primary Residential	1,683,072	125,472	95,340	1,136,928	916,728	279,720	642,708	675,120	112,608	363,672	6,031,368
BRI - ISDN	28,824	6,492	168	19,548	-	1,692	11,292	612	432	4,848	73,908



Exhibit 3

SUMMARY OF IMPACT OF OVERSTATED CCL RATE 1991-1997
SPRINT LOCAL TELEPHONE DIVISION

EXHIBIT 3

	<u>1991/1992</u>	<u>1992/1993</u>	<u>1993/1994</u>	<u>1994/1995</u>	<u>1995/1996</u>	<u>1996/1997</u>	<u>1997/1998</u>	<u>TOTAL</u>	<u>Remaining 1997/1998</u>
UNITED OF FLORIDA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CENDEL OF FLORIDA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SPRINT LTC - FLORIDA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 625,296	\$ 625,296	\$ -
SPRINT LTC - ILLINOIS	\$ -	\$ -	\$ 0	\$ 53,994	\$ 321,366	\$ 49,062	\$ 46,313	\$ 470,735	\$ (70,264)
SPRINT LTC - INDIANA	\$ -	\$ -	\$ -	\$ 0	\$ 0	\$ (34,007)	\$ 59,298	\$ 25,291	\$ (2,964)
SPRINT LTC - NEVADA	\$ -	\$ -	\$ (170,877)	\$ 532,160	\$ -	\$ 677,421	\$ (288,944)	\$ 749,760	\$ (549,544)
CAROLINA TELEPHONE	\$ (435,709)	\$ 945,507	\$ 746,082	\$ 453,204	\$ 433,880	\$ -	\$ -	\$ 2,142,964	\$ -
CENDEL OF NORTH CAROLINA	\$ -	\$ -	\$ 29,365	\$ 32,910	\$ 30,930	\$ -	\$ -	\$ 93,205	\$ -
SPRINT LTC - NORTH CAROLINA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 442,120	\$ 791,601	\$ 1,233,721	\$ 457,558
SPRINT LTC - OHIO	\$ (185,382)	\$ 195,230	\$ 235,539	\$ 280,734	\$ 258,936	\$ 243,170	\$ 402,212	\$ 1,430,440	\$ 227,290
SPRINT LTC - EASTERN	\$ 76,107	\$ 163,756	\$ 113,491	\$ 216,013	\$ 161,250	\$ 259,557	\$ 283,243	\$ 1,273,418	\$ 118,834
UNITED - MIDWEST	\$ (16,470)	\$ (21,739)	\$ 191,749	\$ 221,730	\$ 223,101	\$ -	\$ -	\$ 598,371	\$ -
CENDEL OF TEXAS	\$ -	\$ -	\$ 40,043	\$ 49,324	\$ 46,957	\$ -	\$ -	\$ 136,324	\$ -
SPRINT LTC - MIDWEST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 280,627	\$ 577,087	\$ 857,714	\$ 314,254
SPRINT LTC - NORTHWEST	\$ (0)	\$ (1)	\$ (1)	\$ (1)	\$ (0)	\$ (1)	\$ 67,856	\$ 67,852	\$ (1)
UNITED - SOUTHEAST	\$ (107,214)	\$ (59,971)	\$ 170,098	\$ 476,454	\$ 261,963	\$ -	\$ -	\$ 741,330	\$ -
CENDEL OF VIRGINIA	\$ -	\$ -	\$ 180,633	\$ 200,924	\$ 202,223	\$ -	\$ -	\$ 583,780	\$ -
SPRINT LTC - SOUTHEAST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250,210	\$ 503,857	\$ 754,067	\$ 266,418
SPRINT LTC	\$ (668,668)	\$ 1,222,782	\$ 1,536,123	\$ 2,517,444	\$ 1,940,606	\$ 2,168,161	\$ 3,067,818	\$ 11,784,267	\$ 761,582